

The Four P's of Strategy Creation

By Ron Price

When it comes to creating a strategy for your business, it is rarely wise to move forward with just one carefully thought out course of action. Instead, it is wiser to encourage vigorous debate and develop several alternatives as part of the strategic discussion. The best scenario is to have three to five alternatives that are all so good that you experience a lot of angst over which one to choose. This process provides several benefits; among them are better critical thinking, increased creativity, and a number of alternatives to choose from as the future unfolds.

Unfortunately, many organizations don't value this approach and they quickly move strategic discussions toward consensus. As a result, these organizations often end up caught by the marketplace when circumstances change. While their strategy may have been great at the time they created it, factors outside of their control can change the dynamics of their business and, without alternatives that were developed in their strategic planning process, they cannot respond quickly enough to leverage an opportunity or avoid a significant threat.

In order to remain relevant and effective, businesses need some way to monitor both the execution of their strategic plan and the changing environment in which they do business. With these management tools providing input in real time, organizations can quickly adjust course as circumstances present new opportunities or threats. A simple model made up of "Four Ps" can help companies create this advantage. These Ps are Perceptions, Performance, Purpose and Process.

Perceptions

There are six different stakeholder groups you should be listening to periodically to determine whether you're moving in the right direction. These six groups are:

1. *Customers*: How your customers see you is critical to any organization. Since not all feedback systems work equally to uncover customer perceptions, you should use a variety of feedback systems. Some examples are suggestion cards, phone calls, emails, interviews, focus groups, and so on.
2. *Employees*: You should track your employees' level of engagement and satisfaction. Again, you should use a variety of feedback systems to gauge their perceptions. Your employees have a big impact on your long-term performance, especially when you're trying to execute changes in strategy.
3. *Vendors*: In the old world, companies didn't care what their vendors thought of them. But in the new world, everyone is connected and part of a greater whole. In developing flexibility with your strategy, all of your relationships are potential assets that you can draw upon to execute or

- change your strategy when it's necessary. So understanding how your vendors perceive you is important. Do they view you as one of their prime customers, or as one of the troublesome ones?
4. *Regulators*: Depending on your industry, you have different guidelines to follow. Sometimes those guidelines play a significant role in strategy. Therefore, know how your industry's regulators view you.
 5. *Owners or shareholders*: Whether your company has one or several major investors, you need to fully understand how each perceives the organization. Since the person or people who hold the purse strings play a major role in the company, they have dynamic relevance in terms of strategy.
 6. *Community*: This could include the Chambers of Commerce, the media, the other significant businesses in the area, or even the government. How these outside groups view your company can significantly impact your strategy.

Performance

Performance relates to the following four questions:

1. How are we doing implementing and executing on our strategy, including the goals and the timelines? Are we ahead? Are we behind? Are we performing according to plan or are we in some way out of sync with the plan?
2. What are the current economics of our business? Has anything changed from what we assumed when we created our strategic plan?
3. What are the operational results that we're producing? If you break these down to business units or individual strategies or functions, figure out the actual operational results you're getting. You may be doing a great job executing on your strategy, but it may not be producing the results you anticipated.
4. How are we performing relative to the performance agreements that we established in the organization? The performance agreements are the specifics of the operational plan that were created in the strategy. How are you lining up with the milestones for specific initiatives? Or what's happening with the consequences? Are you getting greater or lesser results than expected?

Purpose

When you review your purpose as an organization, you need to ask the question, "What has changed?" or "What is or will be changing in the environment?" Your answer should impact the way you look at your vision or your long-term goals for the organization. The goal is to look for new opportunities or to identify what threats may be emerging because of changes in the environment.

Continually ask, "What has changed internally since we met last?" Do we have some new strength that we didn't have before? Did we obtain some new equipment, technology, or intellectual property? Did we get some great talent that

we didn't have before that should be impacting our strategy? Has there been a new limitation that's emerged since we last looked at this scorecard?"

Based on your answers, you should review whether you still have the right strategy, goals, or timelines. You also have to determine what you can redefine and adjust in your plan to improve in any of the areas you've analyzed. Finally, you need to ask yourself, "Where should we focus our improvement efforts to create new value in the future?"

Process

All work is a process. It's a series of tasks combined to achieve a particular goal. Such is the case with strategy as well. There are steps you go through, there are people involved, and there are processes you have to look at to determine where you can improve your implementation and in what order of priority. Are you creating waste? Is there rework? Are there inefficiencies in your various processes? Are the processes really creating the results you're looking for? How are you doing tactically? How are you improving your processes? How should you adjust your resources?

Finally, you should be asking how you can create the sense of urgency and the accountability to ensure superior execution of your plan. You may have a great plan, but if you don't have the right sense of urgency or the right level of accountability in the execution of it, a great plan poorly executed still produces poor results.

Keep Score for Better Results

Good strategic thinking and monitoring takes the four Ps into consideration. It's about constantly looking at your environment and adjusting your plan as necessary. Developing this kind of monitoring system, along with a more robust development of alternatives in strategy moves you away from rigid organizational charts toward more team-based environments. As a result, you're better able to adapt your strategy to the environment while it's changing. When you implement the four Ps into your organization, you keep your strategy fresh and don't become stagnant or obsolete in the implementation of your plan...or in the marketplace.

About the Author

Ron Price is the founder and CEO of Price Associates, a company dedicated to helping business leaders and entrepreneurs solve problems, identify solutions and implement change in strategy and performance. Ron is also the author of "Finding Hidden Treasures," a series of essays with action steps to aid readers in mining their own inner talents. As the former president of the AIM Companies, Ron directed the strategic, marketing, compensation and incentive planning, as well as field training and operations. For more information, visit www.Price-Associates.com